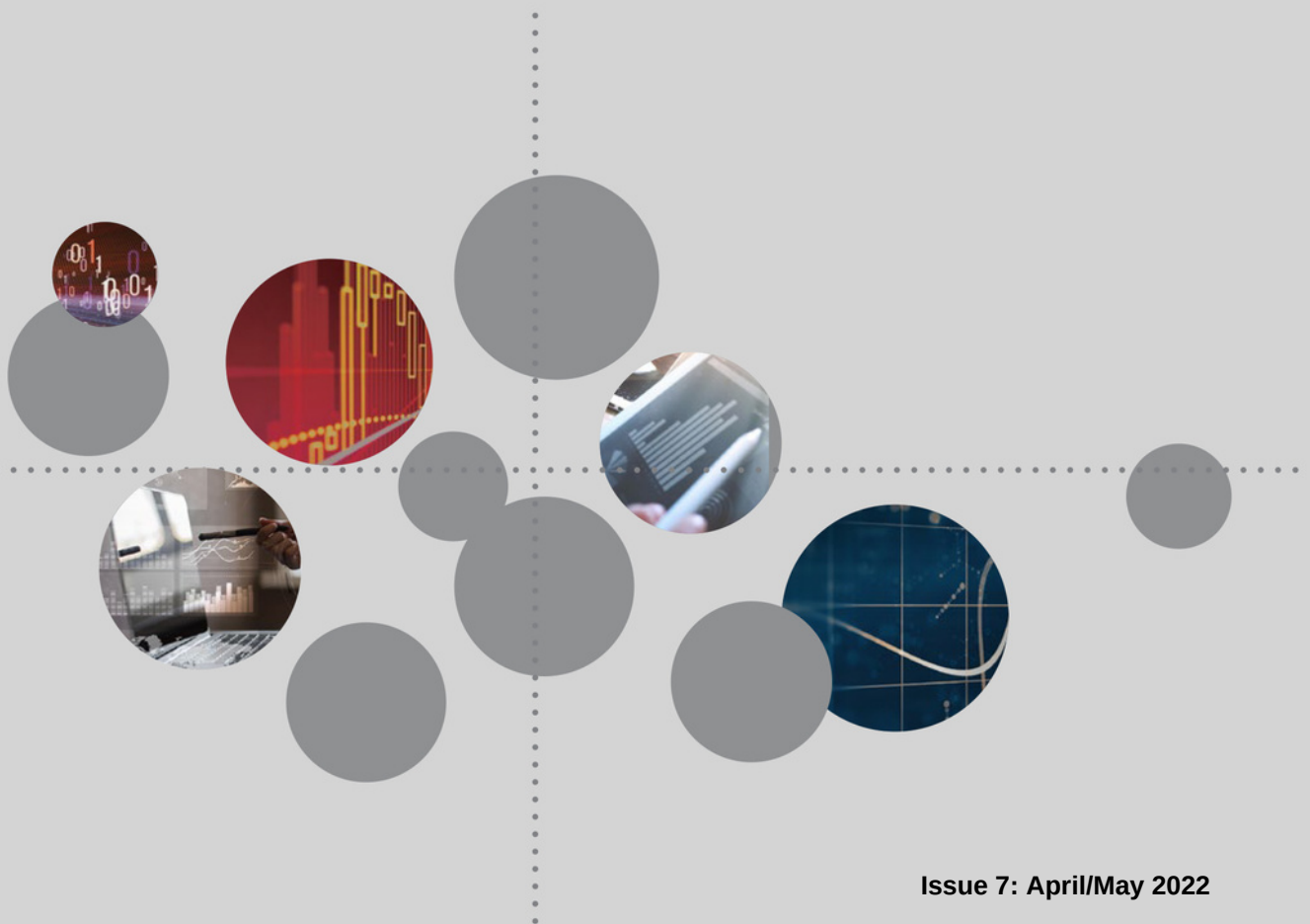


# Policy Tracker

**The Institute**

*Turning Information into Insight*

THE INSTITUTE FOR PUBLIC POLICY & ECONOMIC DEVELOPMENT



Issue 7: April/May 2022



# STATE LEGISLATIVE BRIEFING

A curated briefing of state legislative proposals and recent legislative actions

## STATE BRIEFINGS

- Wages for Tipped Workers
- REAL ID
- Energy
- ARPA Funds
- Financial Literacy
- Homeownership

### Updated Regulations Protecting Tipped Workers Approved

On May 11, the Pennsylvania Department of Labor & Industry (L&I) Secretary Jennifer Berrier announced the publication in the Pennsylvania Bulletin of final-form regulations that changes Pennsylvania's Minimum Wage Act rules by updating how employers pay tipped workers and ensuring that salaried employees with fluctuating schedules are appropriately compensated over time. L&I will host webinars for business owners and other stakeholders to learn about the updated regulations, with information to be posted on L&I's website.

### Federal REAL ID Enforcement begins in 2023

Federal REAL ID enforcement is set to begin on May 3, 2023. Pennsylvania residents who want REAL ID-complaint driver's licenses and photo ID cards and have not yet gotten one are encouraged to gather the needed documents now to ensure they leave plenty of time to get their REAL ID before the federal enforcement date. There is no requirement that any resident obtains a REAL ID; PennDOT continues to offer standard-issue driver's licenses and photo IDs.

### PA Energy Independence Act (SB 1219) Introduced

Senator Doug Mastriano (PA-33) and Senator Scott Hutchinson (PA-21) have introduced legislation which aims to stabilize energy costs for Pennsylvanians. The PA Energy Independence Act would make significant reforms to regulations and expedite the permit process. It would require a report from the Department of Environmental Protection (DEP) to the General Assembly on all current rules and regulations affecting the natural gas and coal industries and the respective economic impact of each regulation. It also requires legislative approval for any new regulations that affect the natural gas and coal industries.

SB 1219 increases transparency in the permit review process and expedites approvals by deeming applications "approved" if a decision is not made within 45 days. The bill would also establish an "Intrastate Coal/Natural Gas Use" provision to clearly state that any environmental regulation of coal that is extracted and used in Pennsylvania can only be exclusively regulated by the Commonwealth, not by the Federal government. To preserve coal-powered plants, the bill exempts Pennsylvania plants from the EPA's Wastewater Rule and Cross State Air Pollution Rule. The bill was referred to Environmental Resources and Energy.







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### American Rescue Plan Act (ARPA) Funds Allocation

Representative Manuel Guzman Jr. (PA-127) and Governor Tom Wolf called on Pennsylvania's General Assembly to pass legislation for the American Rescue Plan Act (ARPA)-funded \$500 million PA Opportunity Program, which would send \$2,000 checks to Pennsylvanians.

In February, Gov. Wolf unveiled a \$1.7 billion proposal for Pennsylvania's \$2 billion in federal ARPA dollars. While Democratic leaders in the Senate and House have introduced legislation, Senate Bill 1619 and House Bill 2531, to support the PA Opportunity Program, the General Assembly has not yet acted to commit the federal money. Without action on allocation of these funds, the money will be sent back to the federal government by December 31, 2024.



### New Program Addresses Financial Literacy

The Pennsylvania Department of Banking and Securities (DoBS) has announced a new financial literacy program tailored to help new and expectant mothers learn more about saving, investing, and improving their overall financial health.

The "Moms on the Money (MOM) Trail" program is a free, noncommercial ten-lesson program that provides critical financial knowledge for new mothers to be successful in the next stages of their lives. Program partners include the Pennsylvania Insurance Department and Pennsylvania Treasury. The MOM Trail program follows the department's recent collaboration with the Lehigh Valley Health Network Pocono Region's Nurse-Family Partnership to help first-time mothers build personal financial skills.

### PHFA Calls for Action on Barriers to Homeownership

The Pennsylvania Housing Finance Agency has called for the removal of barriers to make mortgage lending and home buying more equitable for Black buyers with the release of a recent report on purchasing in the state and Philadelphia. The state-affiliated agency funded a study to look into home-buying experiences of people of different races in Pennsylvania and recommend steps to address disparities. The report found that people of color in Pennsylvania face more barriers to becoming homeowners.

Robin Wiessmann, the Pennsylvania Housing Finance Agency's executive director and chief executive officer, said the agency would use the report's findings to advocate for lenders and others to improve the home buying process.

In Pennsylvania, as in the country as a whole, white residents are more likely to own homes than Black residents. According to pre-pandemic census data, the home ownership rate is about 73% for White Pennsylvanians and about 43% for Black Pennsylvanians. This gap has widened over the last two decades.



# FEDERAL LEGISLATIVE BRIEFING

A curated briefing of federal legislative proposals and recent legislative actions

## FEDERAL BRIEFINGS

- Economic Competitiveness
- Cannabis
- Mental Health
- Build Back Better
- Cybersecurity

### COMPETES Act Passes Senate

S.1260/H.R. 4521 addresses U.S. technology and communications, foreign relations and national security, domestic manufacturing, education, trade, and other matters. Among other provisions, the bill:

- provides funding for FY2022-FY2026 to support U.S. semiconductor manufacturing, research and development, and supply chain security;
- provides funding for wireless supply chain innovation;
- authorizes various programs and policies related to space exploration;
- authorizes various international affairs programs and activities, including foreign assistance for the Indo-Pacific region;
- includes initiatives related to elementary and secondary education, including those to increase computer science education;
- contains provisions related to higher education, including those reauthorizing through FY2027 international education programs and addressing China's influence on higher education institutions.

On March 29th, the Senate voted in favor of the COMPETES Act. The bill will have to be reconciled with a version passed by the House of Representatives in February prior to appearing on President Biden's desk for signature. In early April, Congressional leadership announced over 100 selections for the conference committee to resolve differences between the two bills. Stark contrasts remain between the two, most notably on issues related to trade, climate change, supply chain, research funding, and foreign relations with China. Negotiations are set to begin in early May. Lawmakers and industry groups have urged Congress to pass this legislation quickly.

### Congress Considers Several Cannabis Proposals

#### The Marijuana Opportunity Reinvestment and Expungement (MORE) Act (H.R. 3617)

The MORE Act passed the House on April 1st, and on April 4th, it was received in the Senate and referred to the Committee on Finance. This bill decriminalizes marijuana at the federal level. Specifically, it removes marijuana from the list of scheduled substances under the Controlled Substances Act and eliminates federal criminal penalties for an individual who manufactures, distributes, or possesses marijuana. The bill would also implement other measures related to legal marijuana, including research and data gathering, imposing an excise tax on cannabis products, establishing a trust fund for communities impacted by the war on drugs, and making SBA loans available to cannabis-related businesses.

#### The SAFE Banking Act

On April 19th, the U.S. House of Representatives passed the Safe and Fair Enforcement (SAFE) Banking Act (H.R. 1996). To date, the SAFE Banking Act has passed the U.S. House six times, most recently in February 2022, as an amendment to the America COMPETES Act. Previously, the SAFE Banking Act, as a standalone bill, passed by the House with bipartisan support.

The primary purpose of the SAFE Banking Act is to protect banks and financial institutions that choose to service cannabis-related businesses operating within their state's legal and regulatory frameworks. Currently, cannabis is still listed as a Schedule I drug by the U.S. Drug Enforcement Agency, meaning that banks could face penalties from federal regulators for serving legitimate businesses in states that have legalized uses for cannabis. As a result, many cannabis-related companies have had to resort to a cash-only model, which leaves them susceptible to theft, fraud, and violent crime.

The bill was received in the Senate on April 20th and referred to the Committee on Banking, Housing, and Urban Affairs.





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### Mental Health Legislation

Recently, the Senate HELP Committee held a hearing focused on how the federal government can better support efforts to address mental health and substance use disorders. Committee leaders are working in a bipartisan fashion to develop more federal support for mental health services, including supporting suicide screening and prevention, reducing overdose deaths, getting more access to substance use disorder treatment, and addressing various barriers that make it hard for people to get access to care. Committee Chairwoman Patty Murray (D-WA) stated that she expects a draft package to be introduced by early this summer.

Additionally, the House Energy and Commerce Committee and the HELP Committee are currently working to reauthorize several Substance Abuse and Mental Health Services Administration programs (SAMHSA) that will expire this fall.

In late April, the Senate Finance Committee held its third hearing on mental health, which focused on the lack of parity of treatment and insurance coverage for mental health issues versus physical health care. Chairman Ron Wyden (D-OR) noted at a Senate Finance hearing in late March that the committee is working on a bipartisan basis to fix the parity law by breaking down the financial barriers of care, including "ghost networks," coverage limits, coverage loopholes, and stonewalling on payment claims.

### Build Back Better Act Update

The Build Back Better Act would provide funding, establish programs, and otherwise modify provisions relating to a broad array of areas, including education, labor, child care, health care, taxes, immigration, and the environment.

The Build Back Better passed the House in 2021, but because Democrats have a very narrow Senate majority, it has not been passed. Senator Joe Manchin (D-WV) and Senator Lisa Murkowski (R-AK) have led recent discussions in crafting a new bipartisan package that would take key provisions from the BBB Act's climate agenda. Manchin has stated that the bill's goal is to reform the federal oil and gas leasing process. Additionally, the bill would further investment in clean energy and aim to reduce American dependence on foreign energy.

### Cybersecurity Preparedness

The Senate adopted the House-passed version of the National Cybersecurity Preparedness Consortium (NCPC) Act (S. 658) by unanimous consent. The bill was sent to the President's desk for his signature on May 3rd.

The bill would authorize the Department of Homeland Security (DHS) to provide cybersecurity training help at the national, state, and local levels.

This version of the bill contains several amendments stating that the Department of Homeland Security (DHS) may work with one or more consortia to support efforts to address cybersecurity risks and incidents, including:

- Training and education at state, tribal, and local levels;
- Providing technical assistance services, training, and educational programs to build and sustain capabilities in support of preparedness for and response to cybersecurity risks and incidents;
- Helping incorporate cybersecurity risk and incident prevention and response into existing State, Tribal, and local emergency plans; and
- Assisting state governments and Tribal organizations in developing cybersecurity plans.

# TRANSPORTATION



## Passenger Rail Closer to Reality for Northeastern Pennsylvania

While the region has a long history with passenger rail, it has been decades since regular passenger service has run into or out of Scranton, where service ended in 1970, or Wilkes-Barre, where service ended in 1963. A commuter streetcar connecting the two cities, the Laurel Line, suspended service in the early 1950s. Some have long advocated restoration of passenger service to Scranton, connecting it to New York City and thereby the national Amtrak rail network.

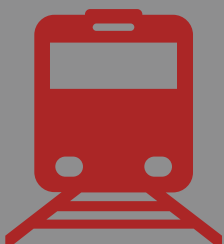
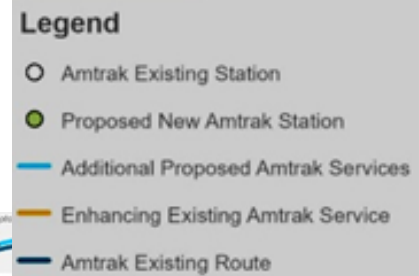
The Bipartisan Infrastructure Law, passed by Congress and signed by the President, provides significant funding opportunities for new rail projects. The bill provides \$60 billion to support enhancement of existing rail service and creation of new services as part of the Amtrak Connects US initiative (shown below). The plan includes proposed service from New York City to Scranton, with intermediate stops in the Poconos and Northern New Jersey. Additional new services proposed in Pennsylvania are from Allentown to New York City and Reading to Philadelphia.

Progress has already been underway on a project that would set the stage for passenger rail service in Scranton. In April 2022, New Jersey Transit approved a contract for construction work that would extend service further west to Andover, NJ by restoring portions of the Lackawanna Cutoff, an abandoned rail right of way through Northwestern New Jersey that is critical to establishing service to Northeastern Pennsylvania. This corridor is shown on the map on the following page.

*(continued on the next page)*

### NEW FUNDING

The Bipartisan Infrastructure Law provides \$60 billion to support enhancement of existing rail service and creation of new services as part of the Amtrak Connects US initiative.





## TRANSPORTATION



## Passenger Rail Closer to Reality (cont.)

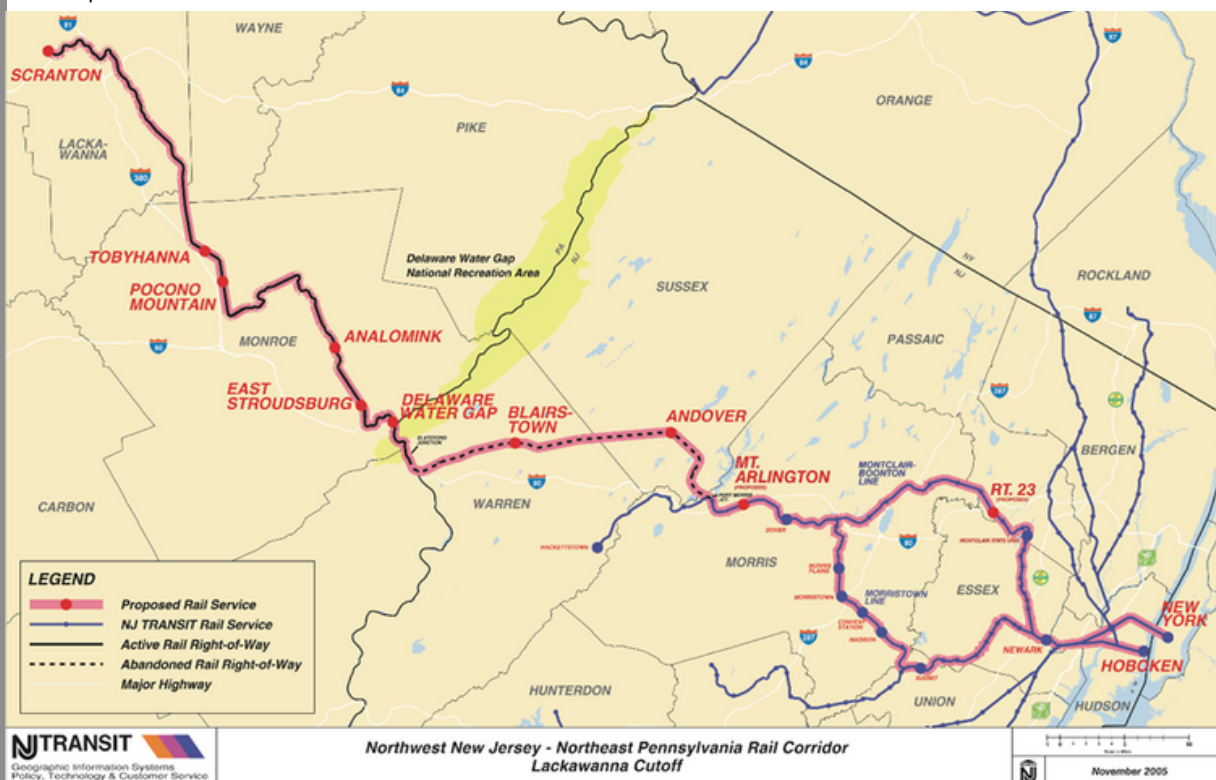
Restoration of passenger rail to Northeastern Pennsylvania could bring significant economic impacts to the area. Amtrak has projected \$2.9 billion in initial economic activity from construction, and \$87 million annually in economic impact, assuming three daily round trips between New York City and Scranton. The tourism impacts could be particularly impactful, by allowing visitors from the Greater New York City area to take advantage of outdoor recreation in Northeastern Pennsylvania. Amtrak's analysis also noted the numerous connections to higher education institutions along the route, including Penn State Scranton, Marywood University, University of Scranton, and East Stroudsburg University.[1] The route could help these institutions recruit students from outside the area with convenient transportation options.

### Policy Opportunities for Action

Local leaders can take action to support Amtrak's proposed service expansion. In the case of the recently approved construction along the Lackawanna Cutoff in New Jersey, municipal officials in helped to facilitate the project by acquiring land needed for the project.[2] In Pennsylvania, municipal or county officials supportive of the project can follow suit by assisting with property acquisition or planning for multimodal connectivity (including bike and pedestrian infrastructure, bus service, or park and ride facilities) with future station locations. State and federal officials can continue to ensure efficient disbursement of BIL funds to ensure timely allocations to this transformative project for Northeastern Pennsylvania.

### ECONOMIC IMPACT

Amtrak has projected \$2.9 billion in initial economic activity from construction, and \$87 million annually in economic impact, assuming three daily round trips between New York City and Scranton.



1. "New York-Scranton: Bringing Amtrak service to Scranton" Amtrak. Accessed 16 May 2022.
2. Higgs, Larry. "NJ Transit green lights tunnel reconstruction so trains can roll to northwest N.J., Scranton, Pa." 13 April 2022. NJ.com.



## FAMILY ECONOMIC SECURITY



### REDUCING POVERTY AND INCREASING LABOR FORCE PARTICIPATION

Expansion of the EITC program at the federal level could boost the after tax pay of low income working households.

## Earned Income Tax Credit as a Tool to Reduce Poverty

People and families must maintain living wages in order to afford basic necessities like food, housing, utilities, transportation, and healthcare – and to achieve overall economic security, especially amid the economic uncertainty of the COVID-19 pandemic, inflation, and soaring housing and energy costs. Furthermore, some families that earn less than living wages still earn too much to qualify for certain assistance programs. This assistance may include food stamps, housing subsidies, and Medicaid.[1] When employees earn living wages through work, they are well positioned to achieve long-term financial security without the need for public assistance. Many lower wage workers also benefit from the Earned Income Tax Credit (EITC), a refundable federal tax credit that designed to encourage work and offset federal payroll and income taxes for low- and moderate-income workers aged 25 to 64, especially those with children, though the American Rescue Plan Act (ARPA) temporarily expanded EITC benefits for childless workers and those as young as 19, and temporarily lifts the upper age limit of 64.[2]

Prior to ARPA, several state legislatures expanded the scope of eligibility for state-based EITCs beyond federal EITC requirements. For example, while the federal EITC does not provide nearly the same amount in benefits to a childless, single worker as it does to families with qualifying children, the District of Columbia matches 100 percent of the federal EITC to single, childless workers.[5] The state of Maryland lowered the age of state EITC eligibility to 21 from the federal EITC's age eligibility of 25.[6] Reflecting an interest in the EITC's history of boosting early childhood development, the Oregon state legislature increased the state EITC's matching rate of the federal EITC for families with children under the age of three from eight percent to 11 percent.[7] Finally, in 2018, California extended state EITC eligibility to self-employed workers, a group rarely covered by the federal EITC.[8]

### Federal Policy Opportunities for Action

The Earned Income Tax Credit (EITC) is a popular and longstanding federal program that attempts to boost the incomes of low wage workers through income tax credit. Expansion of the EITC program at the federal level could boost the after tax pay of low income working households. Plans proposed by President Obama and House Speaker Ryan between 2014 and 2016 would have created a permanent expansion of the EITC to childless workers. Federal lawmakers should consider making permanent the temporary EITC expansion offered through the American Rescue Plan Act in 2021. This important federal program has proven useful in reducing poverty and increasing labor force participation.[9]

### State Policy Opportunities for Action

Some states have implemented their own Earned Income Tax Credits. A state-based EITC ranging from five to 40 percent of the federal credit (prior to ARPA expansion) would cost anywhere from \$103 to \$826 million annually, which would consist of 0.2 to 2 percent of the \$40.8 billion budget passed by the Pennsylvania House of Representatives in June 2018. [3] Moreover, state EITC administration costs less than one percent of total state EITC expenses, so nearly every dollar spent by the state government on the EITC can be funneled to low-income workers needing assistance.[4]

1. Living Wage: Policy Solutions. (n.d.). Retrieved from <https://www.epionline.org/living-wage/living-wage-policy-solutions/>
2. The "Childless" EITC: Temporary Expansion for 2021 Under the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2) (2021) Congressional Research Service.
3. Murphy, J. (2018, June 20). Pa. House Passes \$32.7 Billion State Budget That Requires No Tax Increase.
4. Sachs, E. (2008). Expanding the Success of the Earned Income Tax Credit. Federal Reserve Bank of Minneapolis
5. Zippel, C. (2017, September 21). DC's Earned Income Tax Credit. DC Fiscal Policy Institute.
6. Earned Income Tax Credit Repeal of Minimum Age Requirement, SB0647. MD General Assembly.
7. Theriault, D.C. (2016, March 12). Beyond Minimum Wage and Coal: 25 Oregon Bills Passed by the 2016 Legislature. The Oregonian.
8. Adler, B. (2017, June 22). State Budget Expands Earned Income Tax Credit. Capital Public Radio.
9. The "Childless" EITC: Temporary Expansion for 2021 Under the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2) (2021) Congressional Research Service.

## MENTAL HEALTH



### Mental Health Workforce in Short Supply

The World Health Organization defines mental health as “a state of well-being in which an individual realizes his or her own abilities, can cope with the normal stresses of life, can work productively, and is able to contribute to his or her community.” The COVID-19 pandemic and subsequent changes in daily life have significantly affected the population’s mental health status. According to the Kaiser Family Foundation, over 30 percent of adults in the United States reported symptoms of anxiety/depressive disorder – up from 11 percent of the adults prior to the pandemic. Over 20 percent of children have experienced worsened mental health or emotional health since the onset of the pandemic. Furthermore, a June 2020 survey revealed that about 13 percent of adults reported new or increased use of substance use due to COVID-related stress, and about 11 percent reported thoughts of suicide in the previous 30 days.[1]

Essential workers such as healthcare providers, delivery personnel, and grocery store employees faced particularly high levels of stress and anxiety in the early days of the pandemic. Among essential workers in June 2020, more than four in ten had symptoms of anxiety or depressive disorder, and more than one in five had seriously considered suicide in the previous 30 days.

Furthermore, 64 percent of households with healthcare workers revealed that stress affected their sleeping, eating, or increased alcohol use.[2]

Many adults who reported worsened mental health conditions have admitted that they have forgone mental health treatment. Access to providers and affordability appear to be the biggest barriers for those in need of professional help. About 24 percent reported that inability to find an available provider was their main barrier to mental health care, and 23 percent could not afford the cost.[3]

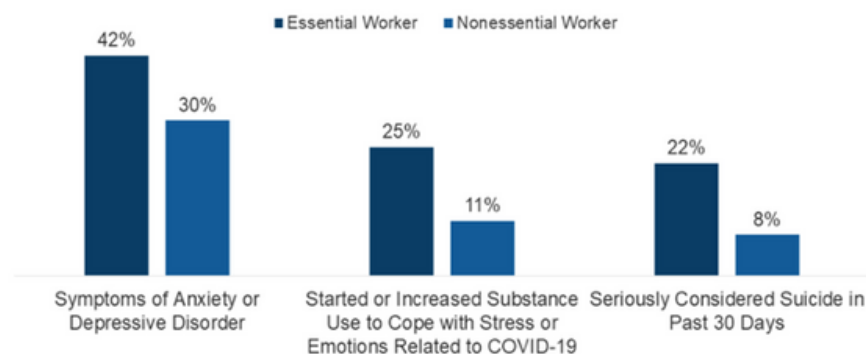
Limited access to mental health services and substance use disorders are partially due to the shortage of mental health professionals, which has worsened during the pandemic. In fact, the chart on the following page shows a stark decline in social service employment occurring in early 2020 left many people floundering when they needed assistance most. Occupations in those roles have only increased slightly since, leaving a significant gap at a time when demand for care is high.

*(continued on the next page)*

#### HIGH LEVELS OF NEED FOR MENTAL HEALTH SERVICES

Among essential workers in June 2020, more than four in ten had symptoms of anxiety or depressive disorder

### Among Essential and Nonessential Workers, Share of Adults Reporting Mental Distress and Substance Use, June 2020



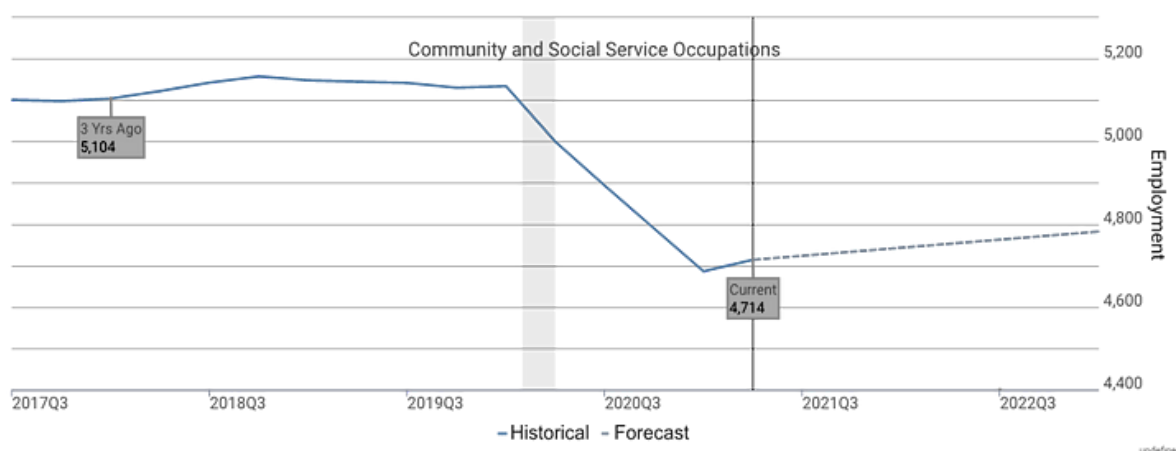
NOTES: Data is among adults ages 18 and above. Essential worker status was self-reported.

SOURCE: Czeisler ME, Lane RI, Petrosky E, et al. Mental Health, Substance Use, and Suicidal Ideation During the COVID-19 Pandemic — United States, June 24–30, 2020. MMWR Morb Mortal Wkly Rep 2020;69:1049–1057. DOI: <http://dx.doi.org/10.15585/mmwr.mm6932a1>

## MENTAL HEALTH



### Mental Health Workforce (cont.)



#### HIGH LEVELS OF NEED FOR MENTAL HEALTH SERVICES

Occupations in community and social services have only increased slightly since 2020, leaving a significant gap at a time when demand for care is high.

Congress has addressed some of the acute need for mental health and substance use services through two stimulus bills enacted during the pandemic. The Consolidated Appropriations Act includes about \$4.25 billion in funding for mental health and substance use services. It also builds on existing legislative efforts to boost insurer compliance with federal mental health parity rules. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) also allocated funding for mental health and substance use services. This includes a \$425-million appropriation for use by the Substance Abuse and Mental Health Services Administration (SAMHSA), in addition to several provisions aimed at expanding coverage for, and availability of, telehealth and other remote care for those covered by Medicare, private insurance, and other federally-funded programs[4].

In conclusion, growing emphasis on behavioral health wellness, prevention of mental and substance use disorders, behavioral care coordination, and behavioral care management may lead to new and different roles for all behavioral health practitioners and to expanded roles for some providers (e.g., behavioral health NPs and PAs). These considerations, together with the recruitment and retention challenges that have long constrained the industry, underscore the need for continued training across all provider types to ensure an agile and responsive behavioral health workforce.

1. Panchal, N., Kamal, R., Cox, C., & Garfield, R. (2021, February 10). The implications of COVID-19 for mental health and substance use. The Henry J. Kaiser Family Foundation.
2. Ibid.
3. Ibid.
4. Ibid.



## COVID-19



### COVID-19 Update: Changing Policy, New Uptick in Cases

After record COVID-19 cases in January caused by the more contagious Omicron variant, Pennsylvania saw low levels of transmission through the spring months. In recent weeks, however, daily new cases have begun to climb, though they remain far below levels seen in the winter months of 2021 and 2022. New cases per 100,000 in the two county region climbed higher relative to the statewide rate in recent weeks as well.

Hospitalizations have seen a relatively small uptick, though this indicator has typically lagged behind cases by several weeks.

The number of hospitalizations is an important indicator to track COVID-19 for several reasons. It measures burden on the health care system, an important factor in determining whether mitigation measures are necessary. It can determine if a larger number of cases are going unreported if it rises at a faster rate than new reported cases. This is particularly important as federal funding for COVID-19 testing has lapsed.

This means that providers will lose access to some federal sources of reimbursement for COVID-19 testing. Medicare and Medicaid enrollees are not affected, and private insurers are required to cover COVID-19 testing without cost sharing for as long as the federal Public Health Emergency declaration is in effect, currently through at least July 2022.[1] However, those without health insurance coverage may see reduced access to testing. This, along with more use of at-home testing, may cause a greater under-reporting of cases in official counts compared with earlier in the pandemic.

The funding lapse also affects vaccination. The Senate has taken up work on passing a standalone COVID appropriations bill to provide funds for development and procurement of vaccines, therapeutic drugs, and other supplies, a proposal strongly supported by the National Governors Association.[2]

#### LAPSE IN FEDERAL COVID-19 FUNDS

Providers will lose access to federal sources of reimbursement for COVID-19 testing and vaccination

**Daily New Cases per 100,000 Since 12/1/2021**

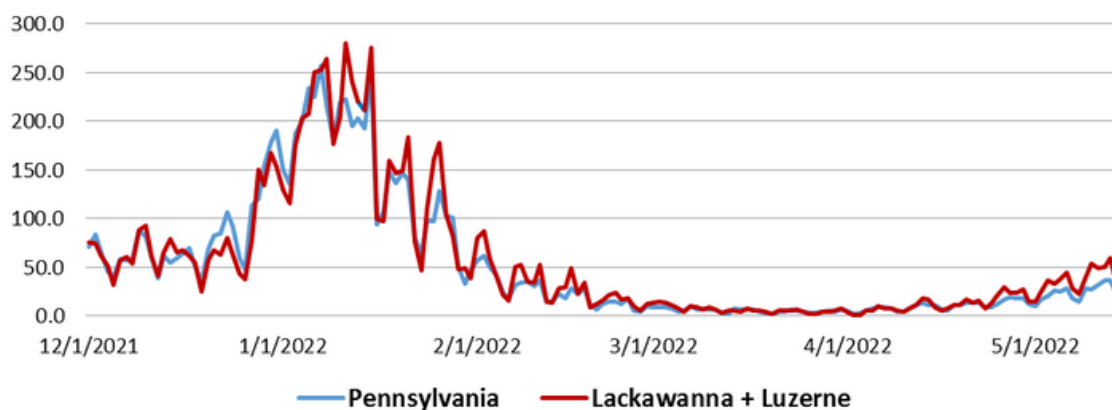


Chart Data Source: Pennsylvania Department of Health, via PA Open Data Portal

1. Tolbert, J., Artiga, S., Kates, J., and Rudowitz, R. (2022, March 28). Implications of the Lapse in Federal COVID-19 Funding on Access to COVID-19 Testing, Treatment, and Vaccines. The Henry J. Kaiser Family Foundation.
2. Governors Commend Bipartisan \$10 Billion COVID Relief Agreement, Urge Passage. (2022, April 25) National Governors Association.

# The Institute

*Turning Information into Insight*

## THE INSTITUTE FOR PUBLIC POLICY & ECONOMIC DEVELOPMENT



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